in pursuance of a policy announced by the Secretary of State for India on July 9, 1907, that until the gold reserve reached ^20,000,000, half of the profits on coinage and the interest on securities would be added to the funds available for railways [1] This decision was criticised at the time as tending to impair the gold reserve, but for practical purposes the amount available for railways was made available also, by this device of the government, for offsetting the outflow of capital from India and protecting the gold-reserve fund.

Banking and Coinage System of the Philippines.

The Philippine Islands under Spanish authority had a bank of issue known as the Spanish-Filipino Bank *{Banco Bspanol Filipino),* originally chartered in 1851 with a capital of 400,000 pesos. This capital was increased from time to time until by the revision of the bank statutes in 1897 it was. fixed at an authorized maximum of 4,500,000 pesos, but this authority was availed of only to the amount of 1,500,000 pesos. The bank was authorized by the same decree to issue notes to three times the amount of its capital, but never reached this amount. Its organization was substantially that of a state bank, like the Bank of France and the Bank of Spain. The governor of the bank was appointed by the Governor-General of the Islands and representatives of the government participated in its affairs. By the decree of October 17,1854, which first gave the bank distinctive official recognition, the right to issue notes in the Philippine Islands, payable to bearer, was made exclusive., The bank was subject, however, to the provisions of the commercial code, that banks should keep in cash in their vaults at least one-fourth of their deposits and note issues.

The standard of the Philippine Islands was gold, until, the depreciation of silver expelled gold from circulation and brought into operation the silver standard. The currency used from the beginning was principally Mexican silver dollars, which originally came to the Philippines as the

[1] *London Economist,* June 6, 1908, LXVL, 1188.